

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1614 – SB 1749**

January 31, 2020

**SUMMARY OF BILL:** Creates a new license plate for boat trailers (plate), effectively for the purpose of authorizing the use of a boat trailer without registering such trailer. Such registrations may only be issued to boat manufacturers or dealers. A boat dealer or manufacturer may purchase up to 225 plates during any 12-month period.

Establishes that the fee for an initial plate is \$47.30 and each additional plate costs \$23.65. Issuance of such plates begins on May 1 of each year, and all such plates expire on May 31 of each year.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue – \$1,800/FY20-21 and Subsequent Years/Highway Fund**

**Other Fiscal Impacts – The Department of Revenue will retain approximately \$2,300 from the sale of every 100 license plates to compensate TRICOR for production, warehousing, and distribution costs. TRICOR will receive approximately \$43 in net revenue for every 100 plates issued.**

Assumptions:

- Boat trailers are not required to be registered in Tennessee.
- This legislation will only apply to boat manufacturers and dealers.
- A fee of \$47.30 for initial plates and \$23.65 for second and additional plates
- It is assumed that 75 initial plates and 25 secondary plates will be issued.
- An increase in state revenue of \$4,139 [(75 x \$47.30) + (25 x \$23.65)].
- The Department of Revenue will retain \$2.30 per license plate for a total of \$2,300 for 100 plates (100 plates x \$2.30), which will be paid to TRICOR in FY20-21 and subsequent years for the cost of production, warehousing, and distribution of the plates.
- TRICOR's actual cost to produce, warehouse, and distribute these plates is estimated to be \$1.87 per license plate, resulting in \$0.43 net revenue per plate (\$2.30 - \$1.87), a total cost of \$1,870 (100 x \$1.87) for an increase in net revenue to TRICOR of \$43 (100 plates x \$0.43) for every 100 plates issued.
- A total recurring increase in state revenue of \$1,839 (\$4,139 - \$2,300).
- Pursuant to Tenn. Code Ann. § 55-6-107(a)(1), such revenue shall be apportioned by a distribution of ninety-eight percent (98%) to the highway fund and two percent (2%) thereof to the general fund.

- A recurring increase in state revenue of \$1,802 ( $\$1,839 \times 98\%$ ) to the Highway Fund and \$37 to the General Fund ( $\$1,839 \times 2\%$ ).

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jdb